LONDON, April 20 (Reuter) - After sealing a deal last year with Estonia's Hansabank, investment house Cresvale is set to expand its presence in the Baltic States with an international placement of shares for Lithuania's Vilnius Bank.

Cresvale will place $3 million to $6 million of Vilnius Bank's increased share capital with overseas investors as the bank increases its share capital to 50 million litas ($12.5 million) from 25 million ($6.3 million), Cresvale's director of equities Paddy Shanahan told Reuters.

"This deal locks us in with the premier bank in Lithuania," Shanahan said. He added that Cresvale will also also make an over-the-counter market in the stock.

"Vilnius Bank is better placed to see who the best companies are than outsiders," Shanahan said. Vilnius Bank and Cresvale will also work together on trading securities listed on Lithuania's stock exchange.

Lithuania has so far failed to attract the same level as its Baltic neighbours, but Shanahan believes that the country's good ties with Russia and strategic location should see that change. "The fundamental macroeconomic picture is very good," he said.

Foreign investment in the first three quarters of 1994 was $41 million and Cresvale already has a $30 million investment fund set up to invest in the Baltic States.

Lithuania's government is pursuing an austere monetary and fiscal policy with the budget deficit targeted at 1.5 percent of gross domestic product.

It has also pegged its litas currency at four to the dollar, with monetary emissions tied to foreign exchange reserves.

VILNIUS, April 19 (Reuter) - Lithuania said on Wednesday it had been told by Moscow that it was not affected by Foreign Minister Andrei Kozyrev's warning that Russia may use force to protect the rights of ethnic Russians living abroad.

Kozyrev was quoted by the Interfax new agency on Tuesday as telling a conference in Moscow: "There may be cases when the use of direct military force will be needed to defend our compatriots abroad."

In Estonia and Latvia, officials expressed surprise at the reports and said they would check the speech before commenting.

Lithuanian Deputy Foreign Minister Albinas Januska said Vilnius had asked Russian ambassador Nikolai Obertyshev for clarification of Kozyrev's remarks.

"He promised to give an official explanation in the near future, and he said that Mr Kozyrev's statements did not apply to Lithuania," Januska told Reuters.

More than 20 million ethnic Russians live in the Baltic states of Estonia, Latvia and Lithuania and in the countries of the Commonwealth of Independent States grouping all other ex-Soviet republics.

After becoming sovereign states in 1991, all three Baltic countries moved to regulate the citizenship and status of the hundreds of thousands of Russian-speaking settlers brought into the region following Soviet occupation in 1945.

Estonia and Latvia, with between 30 and 50 percent of their populations composed of ethnic Russians, Belarussians or Ukrainians, have imposed strict citizenship rules and both have tangled with Moscow over